



CUSHMAN &  
WAKEFIELD

Colorado Springs  
Commercial

# INDUSTRIAL

## MARKET VIEW | 2023

### COLORADO SPRINGS, CO

# INDUSTRIAL MARKET VIEW | YEAR END 2023

## COLORADO SPRINGS INDUSTRIAL MARKET BY THE NUMBERS



**40.3 M**

Total Market SF



**3.5%**

Vacancy Rate



**\$10.36**

Average Lease Rate/SF



**\$182.30**

Average Sale Price/SF



**200,900**

Speculative Construction



**25,000**

BTS Construction



**579,129+**

SF Absorbed

## COLORADO SPRINGS INDUSTRIAL MARKET OVERVIEW

The Colorado Springs Industrial Market, came into 2023 fueled by the vigor of 2022, with frenzied energy in the deal pipeline. The demand in both sales and leasing in the first few months of the year put significant upward pressure on pricing and further lowered the already historically low vacancy rate. Sellers enjoyed sales prices with an average price per square foot so high they triggered disbelief among the brokerage community.

The frenetic energy of the initial months of 2023 was immediately tempered by the impact of rising interest rates levied by the Federal Reserve and its dreaded cohort, inflation. Predictably, the four interest rate hikes of 2023 played a significant role in equity analysis for developers/investors. Nearly all speculative Class-A Industrial projects either a.) lost funding for their projects altogether, b.) found they could no longer start a project without a lead tenant to satisfy the equity partnership/bank to carry the project, and/or c.) could no longer make, under any terms, a competitive market deal pencil given the financial constraints. This trend has persisted throughout 2023 and represents a complete reversal from the in focus from developers/investors who, in the previous a four to five years, have been fighting to establish control in the Colorado Springs Industrial Market.

As economic headwinds shift - the FED cooling interest rates, inflation leveling off, and the U.S. approaches an election cycle developers/investors are slowly reemerging in the Colorado Springs market - and not a moment too soon.

Vacancy remains low at 3.5% and demand for functional, high-quality industrial product in the Colorado Springs Industrial Market remains high. With this demand, landlords continued to enjoy high lease rates throughout 2023. National credit tenants remain attracted to and are executing deals within the Colorado Springs Industrial Market.

However, for every deal signed in 2023, there were several lost due to the fact that the market lacks inventory. The need for new functional and attractive industrial space is a problem for the Colorado Springs Industrial Market.

In 2024, the first to market with new product will invariably win the deals stuck in the pipeline.

INDUSTRIAL DIVISION  
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	Year End 2022	Change from Previous	Year End 2023	Change from Previous
<b>Availability</b>	4.5%	▼	3.5%	▼
<b>Lease Rates PSF/YR</b>	\$10.61	▲	\$10.36	▼
<b>Net Absorption</b>	283,172	▲	579,129	▲

## AVAILABILITY

The overall industrial vacancy rate for the Colorado Springs Industrial Market Year End 2023 came to 3.5%. This shows a precipitous decline from 2022's Year End figure of 4.7%. In previous years, the vacancy rate was reflected in terms of both an actual vacancy rate (shown above) and expressed as an adjusted vacancy rate due to one property's long-standing vacancy. In previous years, 1605 W Garden of the Gods Rd. represented nearly 650,000 SF of vacant manufacturing product. However, the Swiss high-tech solar firm, Meyer-Burger leased the entire project which is estimated to bring 350 new jobs and \$4.6 Billion in economic impact to the Colorado Springs Market.

Of the overall 40.3 million SF comprising the Colorado Springs Industrial Market, only 98,000 SF of Class-A Industrial Product remains

## ABSORPTION

**(Absorption is defined as the net change in occupied space from one period to the next.)**

The overall absorption rate for 2023 not only remained positive for the sixth consecutive year, but it doubled 2022's absorption figure with 579,129 SF of inventory absorbed for the year. Such an increase in leasing activity signals the continued desirability of the Colorado Springs Industrial Market.

Significant leases in 2023 include:

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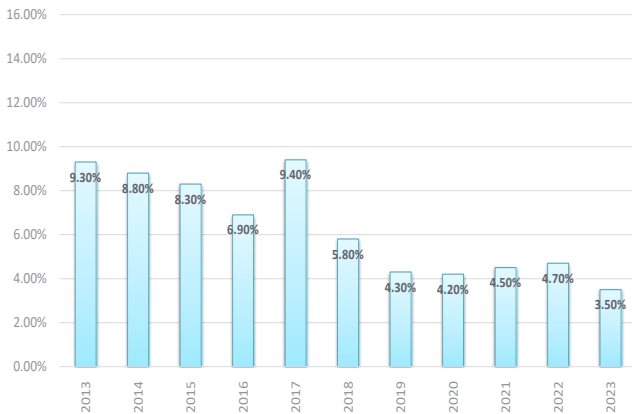
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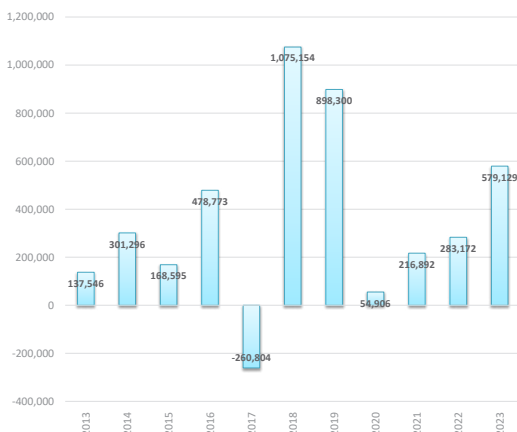
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950 Vapor Trail fully leased its 58,500 SF Class-A distribution center with three users.

### VACANCY RATES



### ABSORPTION



## LEASE RATES

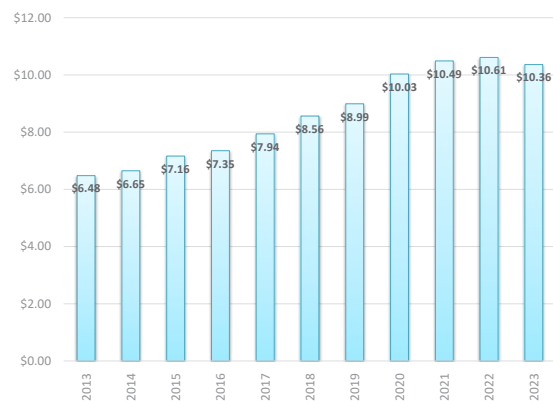
(NNN, Annual Per RSF)

Overall industrial lease rates in 2023 fell to an average rate of \$10.36/SF this is a decrease of approximately 2.35% of Year End 2022's figure of \$10.61/SF. Despite the slight decrease, lease rates have still seen a nearly 30% hike in the last three years in Colorado Springs Industrial Market.

Average lease rates for industrial products by product type in the Colorado Springs Industrial Market for 2023 were as follows: Manufacturing \$9.33/SF; Industrial Flex \$10.37/SF; and Warehouse \$10.62/SF. The decreases were seen in Flex and Manufacturing product types.

Lease up times are averaging 4 months for Class A Industrial product with older/less functional properties seeing lease up times of 6 month +/- on average.

## AVERAGE LEASE RATES

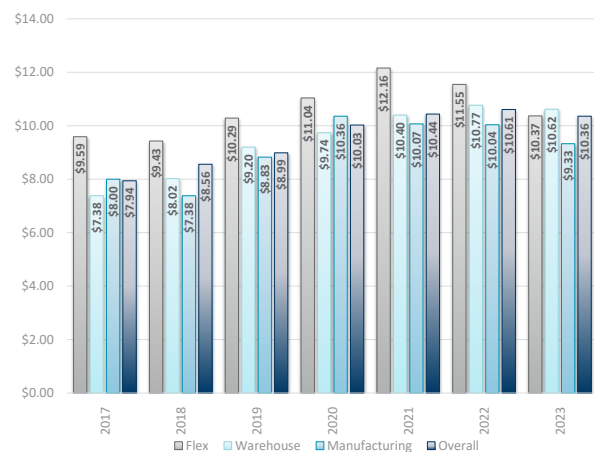


## INDUSTRIAL SALES

(5,000 SF + - Number of Sales vs. Average Price Per SF)

The Colorado Springs Industrial Market's 2023 overall average sale price reached \$182.30/SF representing an 18.56% increase over 2022's average of \$153.76/SF. However, as of the date of this writing, the total number of sales reported by the El Paso County Assessor was 48 total sales (January 2023 to November 2023) which is a significant decrease from the previous year's total sales volume. It remains to be seen if December 2023's sales volume will have a notable impact on the year's sales volume and/or average sale price.

## AVERAGE LEASE RATES BY PRODUCT TYPE



## NOTABLE INDUSTRIAL SALES

(Cushman & Wakefield | Colorado Springs Commercial)

### 875 Valley St

8,060 SF

\$2,150,000 (\$266.75/SF)

### 5615 Industrial Pl

7,500 SF

\$1,400,000 (\$186.67/SF)

### 1560 Tuskegee Pl

7,892 SF

\$2,180,000 (\$276.23/SF)

### 6395 E Platte Ave

6,000 SF

\$1,303,000 (\$217.17/SF)

### 435-445 Troy Hill Rd

7,220 SF

\$2,375,000 (\$328.95/SF)

### 3410 N Prospect St

37,002 SF

\$3,000,000 (\$81.08/SF)

### 19th St. & Uintah St. Portfolio

11,975 SF

\$3,700,000 (\$308.97/SF)

### 4202 Mark Dabbling Blvd

48,600 SF

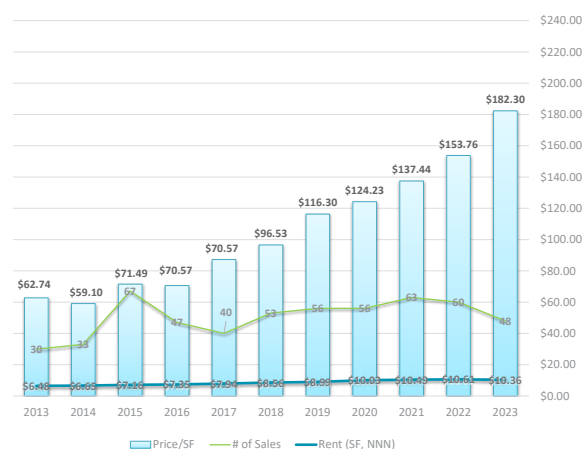
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## SALES, LEASING, VOLUME





**893,637**  
Total Sales Volume SF



**18,617**  
Average SF Sale

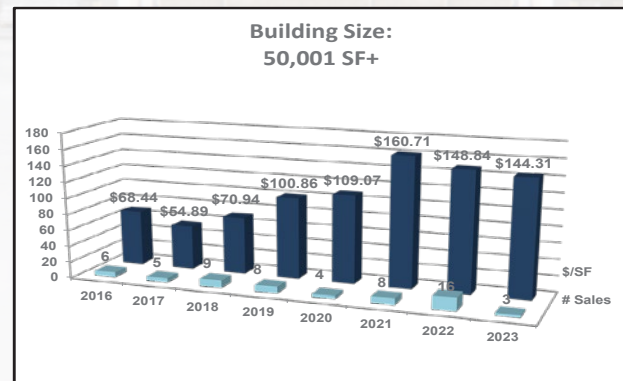
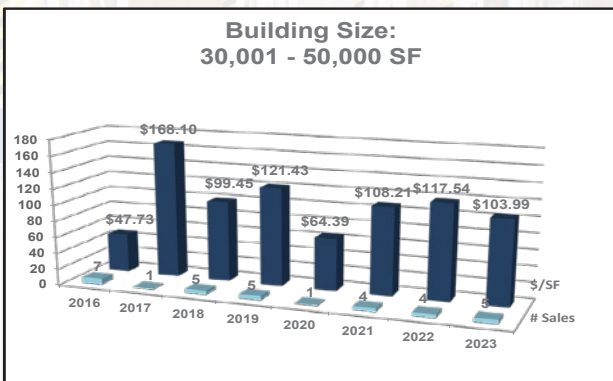
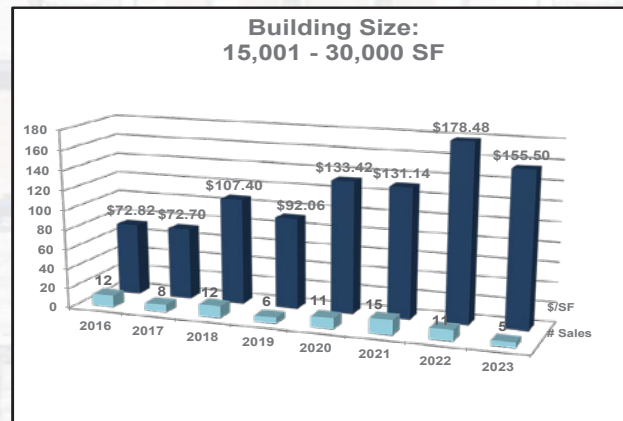
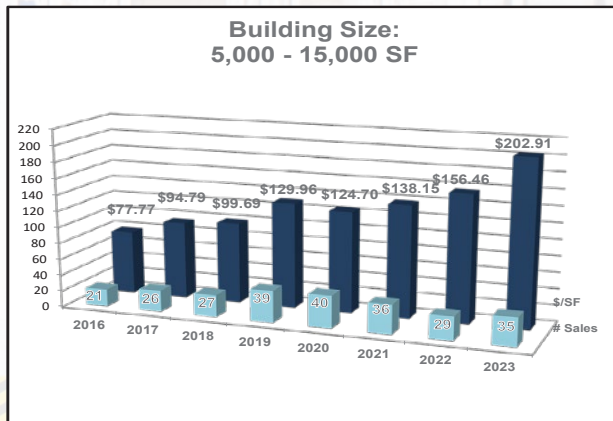
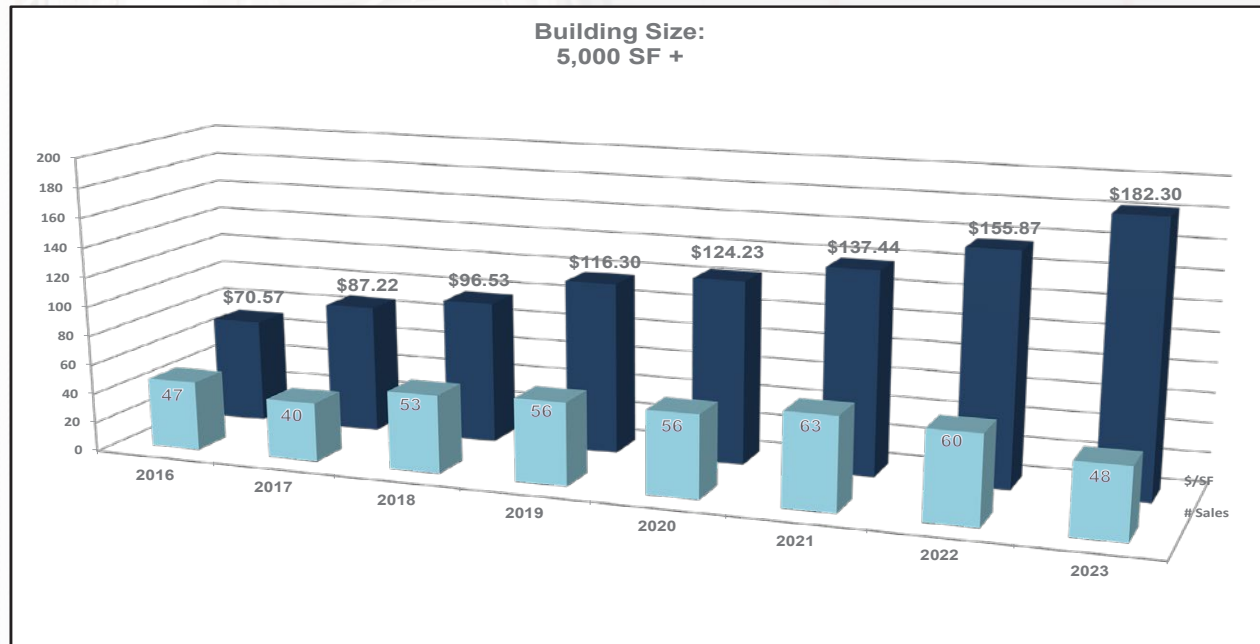


**\$182.30**  
Average \$/SF Sale



**48**  
Total Number of Sales

## Colorado Springs Industrial Sales Analysis 2016 - 2023



# FEATURED PROPERTIES

(CLICK ON PHOTO TO ACCESS DIGITAL PROPERTY BROCHURE)



**Rustic Hills Commerce Center**  
Now Leasing!  
5,499-86,761 SF  
Rates Starting at \$11.50 per PSF NNN



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**3405 N El Paso St**  
12,000 SF  
Lot Size 0.62 AC  
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**8260 Cessna Dr**  
within Meadow Lake Airport  
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Sale Price \$150,000

# Colorado Springs Commercial | Industrial Team

## 2023 Transaction Volume Results

### ANNUAL TOTALS



**44**

TOTAL # OF DEALS



**\$42,404,319**

TOTAL DEAL VOLUME



**405,596**

TOTAL SQUARE FEET

### ANNUAL LEASE TOTALS



**33**

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**251,742**

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**\$28,298,000**

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As consistent top producers in the market, they have extensive experience in all categories of industrial real estate in the Colorado Springs metropolitan area. The Industrial Team is equipped to provide exceptional service for your office/warehouse, showroom, manufacturing, research & development, warehouse/distribution, laboratory, adaptive use or other industrial requirement, including commercial land.

Colorado Springs Commercial is an alliance of Cushman & Wakefield benefiting from the support of its global real estate research team, experts, and capital advisors. Cushman & Wakefield is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. The firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. [www.cushmanwakefield.com](http://www.cushmanwakefield.com)





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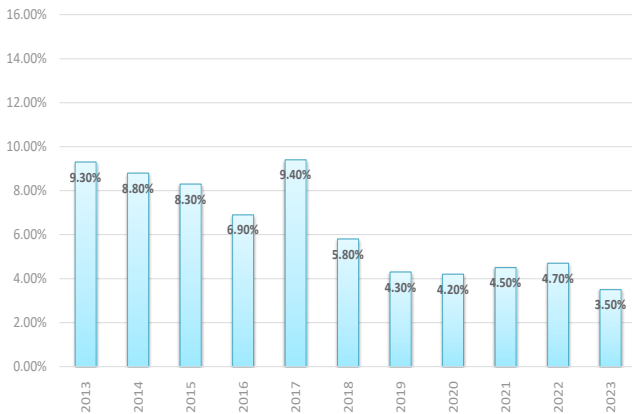
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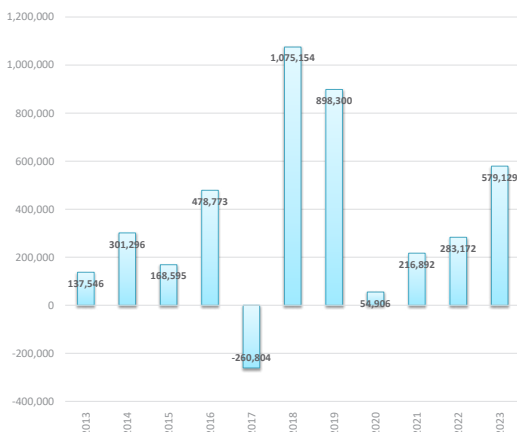
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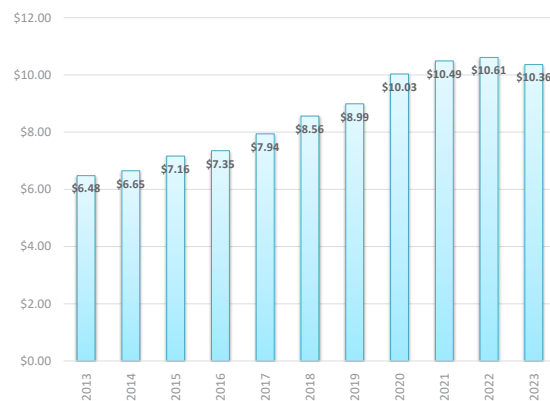
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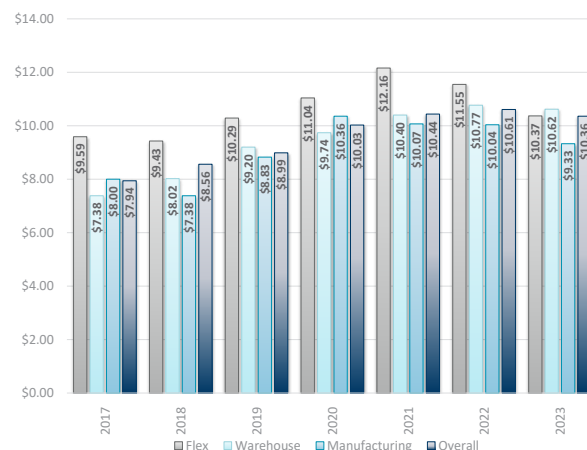
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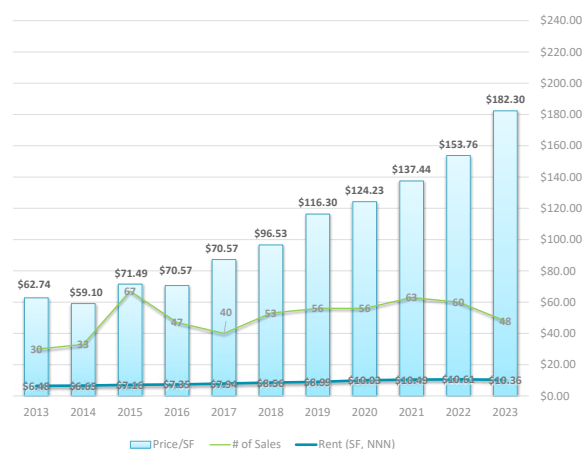
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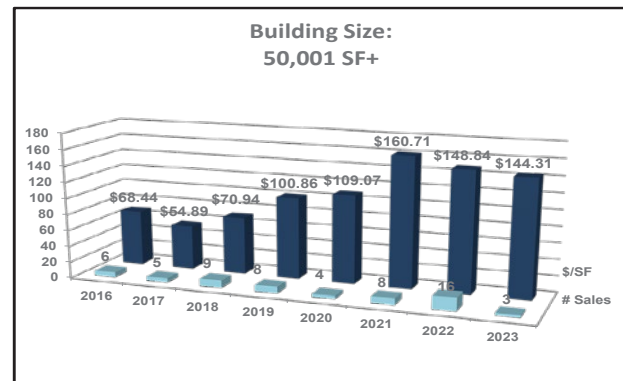
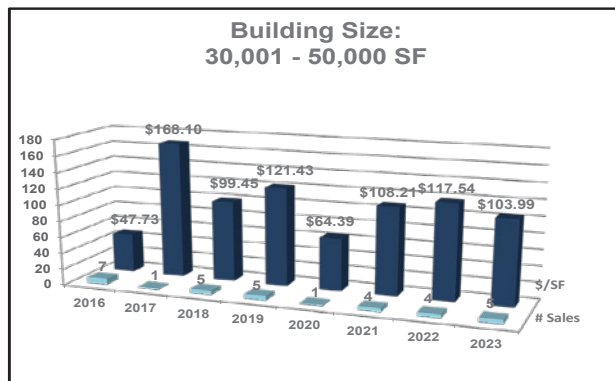
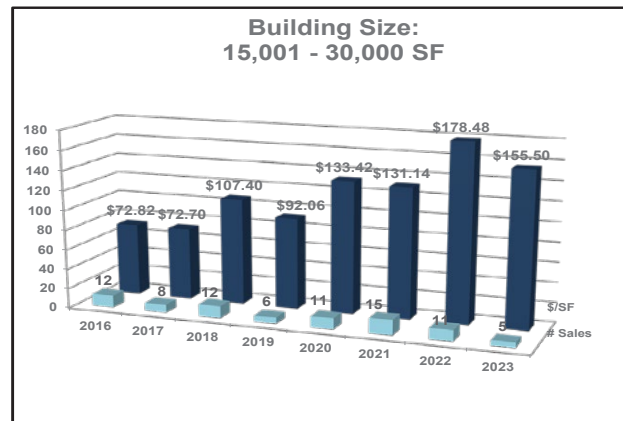
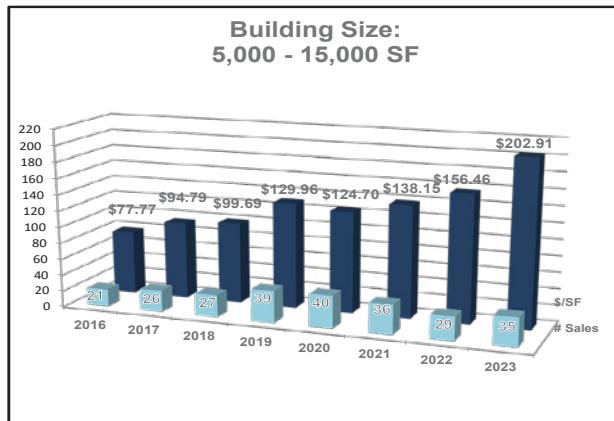
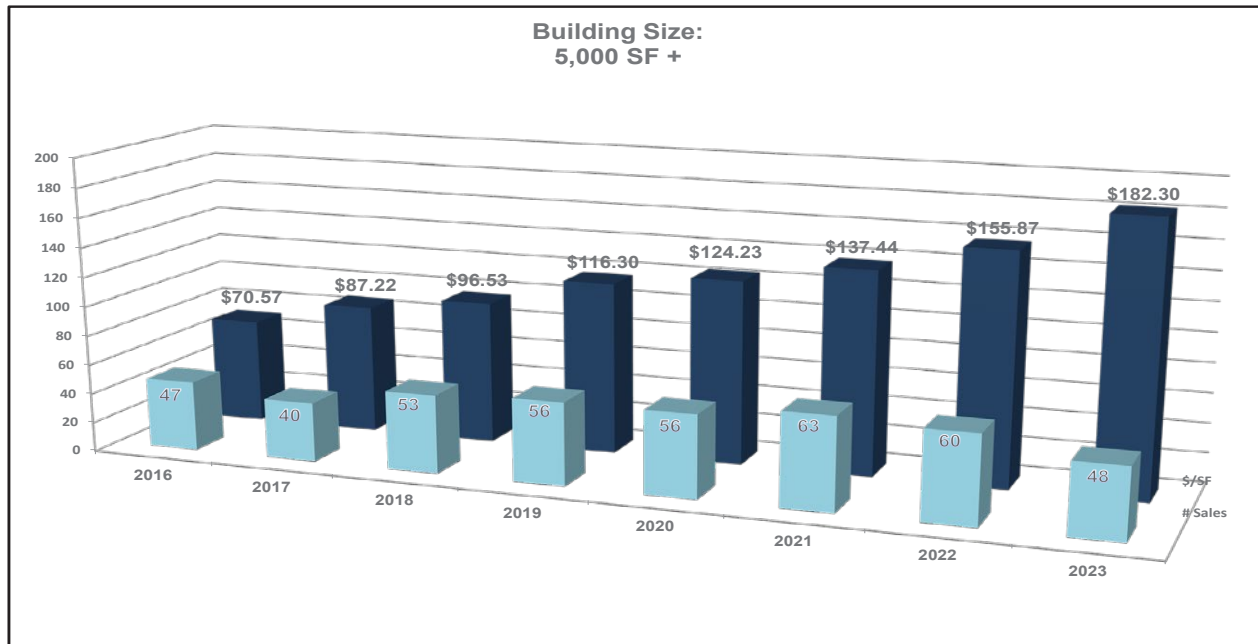
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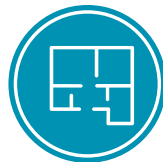
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Colorado Springs Commercial is an alliance of Cushman & Wakefield benefiting from the support of its global real estate research team, experts, and capital advisors. Cushman & Wakefield is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. The firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. [www.cushmanwakefield.com](http://www.cushmanwakefield.com)

